

ACKLANDS LIMITED

SERVING CANADIAN INDUSTRY SINCE 1889

AR05



1965 ANNUAL REPORT



- EXISTING BRANCHES
- ★ NEW BRANCHES
- STEEL SERVICE CENTRE
- ★ HEAD OFFICE
- CENTRAL WAREHOUSE



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TRANSFER AGENTS

The Canada Trust Company,
Toronto, Winnipeg and Montreal

Shares listed on Toronto and
Winnipeg Stock Exchanges

COUNSEL

Sokolov, Wolinsky and Sokolov —
Winnipeg

AUDITORS

Thorne, Mulholland, Howson
& McPherson

BANKERS

Bank of Montreal — Winnipeg

FISCAL AGENTS

Fry & Company Limited — Toronto

HEAD OFFICE — 125 Higgins Ave.,
Winnipeg 2, Manitoba

ANNUAL REPORT

FOR THE YEAR ENDED

NOVEMBER 30th

1965

BOARD OF DIRECTORS

- *Hyman Bessin, President,
Acklands Limited
- *Leonard Wolinsky, President,
McLennan, McFeely & Prior Limited
- *George Forzley,
Vice-President and General Manager,
Acklands Limited
- Dr. Nathan Schecter, Physician
- *Donald J. Wilkins, President,
Fry & Company Limited
- Joseph Wolinsky, Industrialist
- Fred H. Peacock, President,
Peerless Motor Products Limited
- Harry R. B. Kirkpatrick,
Vice-President and General Manager,
McLennan, McFeely & Prior Limited
- *Nathan Starr, C.A.,
President, Community Video Limited
- Max Wolinsky, Partner,
Sokolov, Wolinsky, Sokolov
- John J. Dawson,
Vice-President and General Manager,
H. C. Burton Co. Limited

**Members of Executive Committee*

OFFICERS

Leonard Wolinsky, *Chairman of the Board*
Hyman Bessin, *President*
Nathan Starr, C.A.,
Vice-President and Secretary-Treasurer
George Forzley, *Vice-President and*
General Manager
Samuel H. Blank, *Director of Purchasing*
Leonard G. Walker, C.A., *Comptroller*

DIVISIONAL MANAGERS

Arnold H. Main, *Saskatchewan Zone Manager*
Sidney E. Lawrence,
North Western Ontario Zone Manager
Walter A. Steele, *South Alberta Zone Manager*
Norman A. Peden, *North Alberta Zone Manager*
Reginald H. Taylor, *Fairbanks-Morse Scale Division*
W. B. Coutts, *Materials Handling Division*
F. J. Downey,
General Manager, Steel Distributors Limited

Branch *Manager*

ONTARIO

Dryden C. L. Collins
Fort Frances J. Cooper
Fort William S. E. Lawrence
Kenora L. Johnson
Toronto — Steel Distributors
Limited F. J. Downey

MANITOBA

Beausejour R. Hangle
Brandon V. Aker
Dauphin W. Smigelski
Minnedosa D. Middleton
Selkirk D. Walker
The Pas A. Knoll
Thompson J. McDonald
Transcona A. Lielke
Winnipeg-Main A. LeBleu
Winnipeg-Steel P. Worster

SASKATCHEWAN

Esterhazy M. Hole
Regina O. Reiffenstein
Saskatoon J. Mayo

ALBERTA

Calgary Acklands A. Strachan
Calgary Peacocks V. Krueger
Edmonton Acklands N. Peden
Edmonton Peacocks A. Kozma
Edmonton—
Mc & Mc Metal Services
A. Browne
Edmonton—South L. McLaughlin
Edson R. Schlender
Lacombe L. Waud
Lethbridge A. Dixon
Olds B. Cauldwell
Red Deer A. Stambaugh
Record Division W. Langton

BRITISH COLUMBIA

Cranbrook R. James
Fort St. John R. Shaner

WESTWARD DISTRIBUTORS

Vancouver N. Callaway
Calgary F. Lindsay
Winnipeg D. J. Mitchell

HIGHLIGHTS

	1965	1964
Sales	\$16,899,600	\$12,578,025
Income before depreciation, interest and income taxes	868,921	647,733
Depreciation	129,921	85,530
Interest	128,663	109,718
Income before income taxes ..	610,337	452,485
Income taxes	240,200	201,500
Net income after income taxes	370,137	250,985
Working capital	\$ 3,345,521	\$ 2,864,230
Number of branches	33	30
Number of preference shares outstanding	40,000	40,000
Equity per preference share .. \$	97.43	90.82
Earnings per preference share	\$ 9.25	6.27
Dividends paid preference shareholders	60,000	60,000
Number of common shares outstanding	458,479	458,479
Equity per common share \$	6.32	5.74
Earnings per common share (after preference dividend) \$.68	.42
Dividends paid common shareholders	\$ 45,848	45,848

direct competition across the full range, and we are constantly adding new lines. The latest product expansion has been in the field of materials handling equipment, in which we distribute a line of fork lift trucks, pallet trucks, stackers and related equipment manufactured by Automatic Equipment Company.

It is not only our broad product line but also the ability to make delivery on short notice which has contributed to the success of the Company.

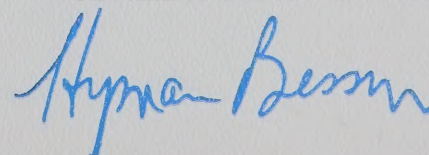
Your Directors, officers and employees are extremely alert to the importance of continuously maintaining and improving our calibre of service to customers.

THE CURRENT YEAR

The spectacular economic growth of Canadian industry continues to increase at a remarkable rate, which we believe will continue in 1966. Acklands has developed a sound base in the distribution of diversified products and is constantly endeavouring to widen its geographic areas in Canada. During the first quarter of the current year our sales momentum continued its record-breaking pace, and details will be available in time for the annual meeting.

I welcome this opportunity to congratulate our executives, managers, salesmen, office and warehouse personnel for the fine performance achieved in 1965, and to thank our shareholders, customers and suppliers for their loyal support.

On behalf of the Board of Directors,



BOARD OF DIRECTORS

- *Hyman Bessin, President,
Acklands Limited
- *Leonard Wolinsky, President,
McLennan, McFeely & Prior Limited
- *George Forzley,
Vice-President and General Manager,
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Harry R. B. Kirkpatrick,
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Sokolov, Wolinsky, Sokolov
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Norman A. Peden, *North Alberta Zone Manager*
Reginald H. Taylor, *Fairbanks-Morse Scale Division*
W. B. Coutts, *Materials Handling Division*
F. J. Downey,
General Manager, Steel Distributors Limited

PRESIDENT'S REPORT



HYMAN BESSIN

TO THE SHAREHOLDERS

It gives me great pleasure to report that the year ended November 30, 1965 was the most successful in your Company's 76-year history.

This marks the third consecutive year in which record highs were attained in both sales and net profits — a significant achievement in its own right. However, this fact is eclipsed by the substantial size of the increases over the previous year.

SALES AND EARNINGS

Consolidated sales increased by \$4,321,575 to a record total of \$16,899,600 or 35% over 1964 sales of \$12,578,025. Consolidated net profits after taxes reflected an even greater ratio of gain, reaching \$370,137 as compared to \$250,984 the previous year — an increase of 47%. Earnings per share rose to 68c from 42c, after dividend payments of \$1.50 per share on preference shares. Working capital increased by \$481,291 to \$3,345,521.

Net profits before taxes were 35% higher at \$610,337 compared to \$452,484. A total of \$60,000 was paid in dividends on preference shares during the year, and \$45,848 (10c per share) on common shares.

EXPANSION AND FINANCING

During 1965, your Company opened new branches at Olds, Alberta and Minnedosa, Manitoba. In addition, your Company's subsidiary, Westward Distributors has established a warehouse in Vancouver, B.C., as an extension of its redistribution program. We also purchased the assets of Northern Auto Supply of Kenora, Ontario. This company has now become a branch of Acklands and we are pleased to have Lloyd Johnson, the former owner, as our manager.

Late in the year, a review of operations concluded that customers in Medicine Hat and Olds could more efficiently be serviced by our branches at Lethbridge and Calgary and in consequence the Medicine Hat branch was closed and we are in the process of similar action in Olds.

You will also recall that at our last annual meeting, we approved the purchase of the shares of Steel Distributors Limited of Toronto for the sum of \$1,050,000. In part payment, Acklands issued \$450,000 of non-interest bearing subordinated convertible debentures, convertible into 112,500 shares of Acklands over a five-year period commencing January 1, 1966. You will be pleased to know that Steel Distributors Limited which complements our similar steel service centres at Winnipeg and Edmonton, made a substantial contribution to our increased sales and profits in the 11 months that it has been a part of the Acklands organization.

In order to provide the working capital for the enlarged organization and for general corporate purposes, your Company arranged for the sale of \$1,800,000 6¾% debentures payable \$60,000. semi-annually on March 15, 1966 — 1980 inclusive. These debentures replaced a similar issue of \$1,080,000 then outstanding. The new debentures were once again purchased by the Prudential Insurance Company of America through its Canadian Head Office. Our relationship with Prudential has been one of considerable satisfaction to both parties.

OPERATIONS

Your Company is now one of the largest wholesale distributors in its field in Canada, with more than 300 employees offering in excess of 50,000 different items. Our product line is so broad that we have effectively no

direct competition across the full range, and we are constantly adding new lines. The latest product expansion has been in the field of materials handling equipment, in which we distribute a line of fork lift trucks, pallet trucks, stackers and related equipment manufactured by Automatic Equipment Company.

It is not only our broad product line but also the ability to make delivery on short notice which has contributed to the success of the Company.

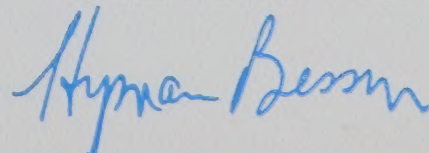
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I welcome this opportunity to congratulate our executives, managers, salesmen, office and warehouse personnel for the fine performance achieved in 1965, and to thank our shareholders, customers and suppliers for their loyal support.

On behalf of the Board of Directors,



ACKLAND

AND SUBSIDIARIES

Incorporated under the laws of the State of New York

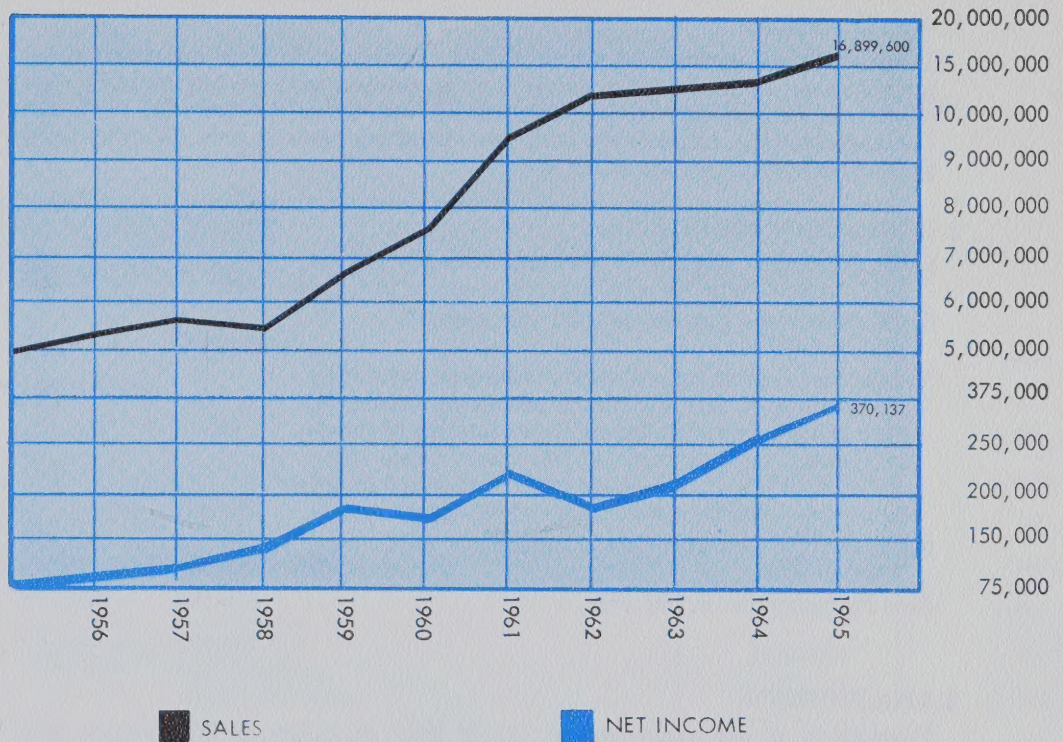
CONSOLIDATED BALANCE SHEET

Assets

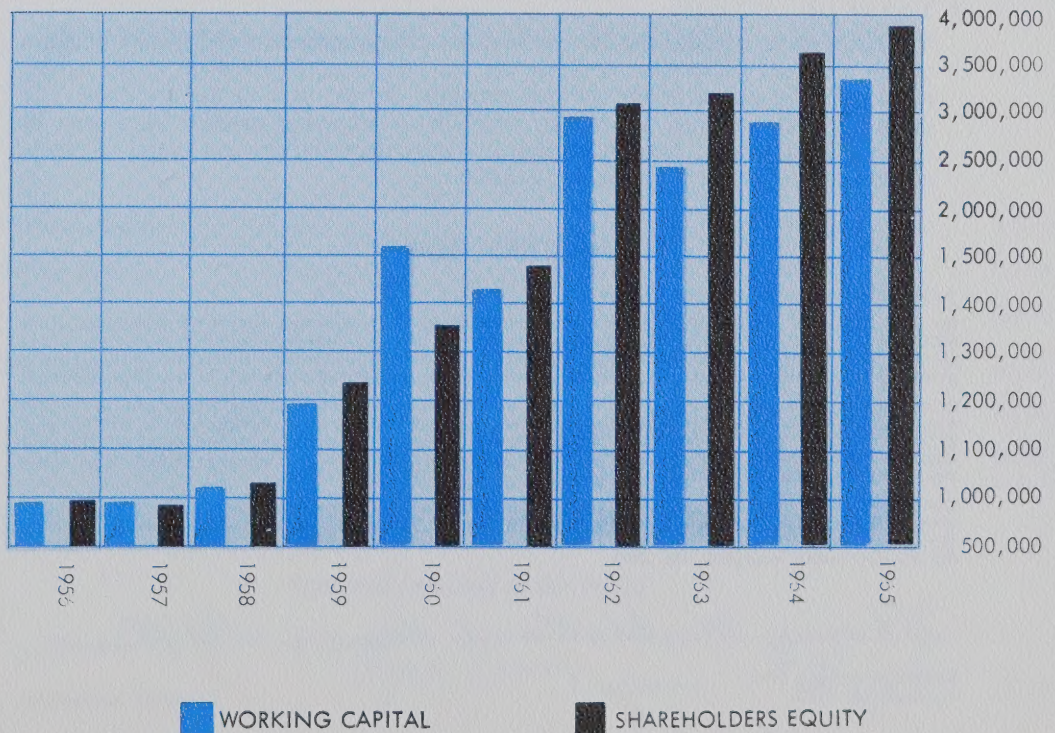
	1965	1964
CURRENT ASSETS:		
Cash (including \$44,422 for preference share purchase fund; 1964—\$25,324)	\$ 326,669	179,825
Accounts receivable, less allowance for doubtful accounts	2,887,894	2,579,954
Inventories, at lower of cost and market	4,612,022	3,563,680
Prepaid expenses	39,911	36,348
	<u>7,866,496</u>	<u>6,359,807</u>
Accounts receivable not due within one year	<u>72,088</u>	<u>41,091</u>
FIXED ASSETS (Note 1):		
Land	498,737	334,298
Buildings	1,787,131	1,368,989
Equipment	1,347,356	597,017
Leasehold improvements	36,701	36,569
	<u>3,669,925</u>	<u>2,336,873</u>
Less Accumulated depreciation and amortization	899,861	423,437
	<u>2,770,064</u>	<u>1,913,436</u>
DEFERRED CHARGES:		
Unamortized debenture and share issue costs	194,565	179,014
Other	12,305	23,388
	<u>206,870</u>	<u>202,402</u>
GOODWILL:		
Excess of cost of shares in subsidiaries over book value at acquisition	141,743	177,026
Goodwill purchased	5,001	1
	<u>146,744</u>	<u>177,027</u>
	<u>\$11,062,262</u>	<u>8,693,763</u>

RECORD OF GROWTH

SALES & NET INCOME



WORKING CAPITAL AND SHAREHOLDERS' EQUITY



S LIMITED

RY COMPANIES

the laws of Manitoba

SHEET NOVEMBER 30, 1965 (with comparative figures for 1964)

Liabilities

CURRENT LIABILITIES:

Bank loans, (secured)	1965	1964
	\$ 2,094,000	1,571,000
Accounts payable and accrued expenses	2,114,771	1,660,280
Income taxes payable (Note 4)	176,016	159,169
Payments on long-term liabilities due within one year	136,188	105,128

4,520,975

3,495,577

LONG-TERM LIABILITIES (Note 2)

2,644,004

1,565,192

Total liabilities

7,164,979

5,060,769

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Notes 2 and 3):

Authorized:

40,000 6% cumulative redeemable preference
shares, par value \$25 each.

2,000,000 common shares without par value.

Issued:

40,000 preference shares

1,000,000

1,000,000

458,479 common shares

1,104,300

1,104,300

2,104,300

2,104,300

RETAINED EARNINGS

1,792,983

1,528,694

3,897,283

3,632,994

11,062,262

8,693,763

The accompanying notes are an integral part of this statement.

Approved in behalf of the Board

Hyma Bessm Director

G. Gargley Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Year ended November 30, 1965

1. FIXED ASSETS:

Substantially, all of the fixed assets of Steel Distributors Limited are stated at appraised values at the date of acquisition, in accordance with the reports of Fidelity Appraisals Limited and W. H. Bosley & Co. Ltd. dated February 12, 1965, and February 24, 1965, respectively, with subsequent additions at cost. All other fixed assets of the companies are stated at cost.

	1965	1964
2. LONG-TERM LIABILITIES:		
6¾% debentures, payable \$45,000 semi-annually 1965 to 1977 (retired June 15, 1965)	\$	1,125,000
6¾% debentures, payable \$60,000 semi-annually 1966 to 1980	1,800,000	
Non-interest bearing subordinated debentures, payable by the issuance of 22,500 common shares on January 1, 1966 to 1970, inclusive, the aggregate number of shares to be issued not to exceed 112,500 shares (since November 30, 1965, 22,500 shares have been issued in settlement of \$90,000 of debentures outstanding)	450,000	
6¾% and 7% mortgages maturing 1982 to 1984	530,192	545,320
	2,780,192	1,670,320
<i>Less</i> Payments due in one year	136,188	105,128
	<u>\$ 2,644,004</u>	<u>1,565,192</u>

3. STOCK OPTION:

Pursuant to an agreement entered into in 1964, an officer of the company was granted an option to purchase 20,000 common shares of the company's capital stock at \$4 per share. The option may be exercised on a reducing basis, commencing December 31, 1965; and expiring December 31, 1968. On December 31, 1965, the officer exercised his option to acquire 2,500 shares for \$10,000, in accordance with the terms of the agreement.

4. TAXES ON INCOME:

The taxes on income for the current year are after a reduction of \$57,500, because of the company's intention to claim, for tax purposes, depreciation to the extent of \$111,000 in excess of the amount provided for the year in the accounts. The net accumulated amount to date by which taxes otherwise payable have been so reduced by claiming, for tax purposes, excess depreciation and other expenses not written off in the accounts, is \$242,000.

AUDITORS' REPORT

To the Shareholders of Acklands Limited

We have examined the consolidated balance sheet of Acklands Limited and subsidiary companies as at November 30, 1965, and the consolidated statements of income and retained earnings for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and consolidated statements of income and retained earnings present fairly the combined financial position of Acklands Limited and its subsidiary companies as at November 30, 1965, and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying consolidated statement of source and disposition of funds which, in our opinion, when considered in relation to the aforementioned statements, presents fairly the changes in the consolidated financial position of Acklands Limited and its subsidiary companies for the year ended November 30, 1965.

Thorne, Mulholland, Horvath & McPherson

Winnipeg, Canada,
February 28, 1966

Chartered Accountants

Consolidated Statement of Retained Earnings

Year ended November 30, 1965

(with comparative figures for 1964)

	1965	1964
Retained earnings at beginning of year	\$ 1,528,694	1,383,557
Add Net income for year	370,137	250,985
	<u>1,898,831</u>	<u>1,634,542</u>
<i>Deduct dividends paid:</i>		
Preference	60,000	60,000
Common	45,848	45,848
	<u>105,848</u>	<u>105,848</u>
RETAINED EARNINGS AT END OF YEAR	<u>\$ 1,792,983</u>	<u>1,528,694</u>

Consolidated Statement of Income

Year ended November 30, 1965

(with comparative figures for 1964)

	1965	1964
Sales	\$16,899,600	12,578,025
Income before the undernoted items	<u>971,818</u>	<u>731,902</u>
<i>Deduct:</i>		
Depreciation	129,921	85,530
Amortization of debenture and share issue costs	12,197	5,669
Debenture and mortgage interest	128,663	109,718
Executive remuneration	78,000	66,500
Directors' fees	12,700	12,000
	<u>361,481</u>	<u>279,417</u>
INCOME BEFORE UNDERNOTED TAXES	610,337	452,485
TAXES ON INCOME (Note 4)	240,200	201,500
NET INCOME FOR YEAR	<u>\$ 370,137</u>	<u>250,985</u>

Consolidated Statement of Source and Disposition of Funds

Year ended November 30, 1965
(with comparative figures for 1964)

	1965
SOURCE OF FUNDS:	
By operations:	
Net income for year	\$ 370,137
Add Charges to income during year which do not affect working capital:	
Depreciation	129,921
Amortization of debenture and share issue costs and other deferred charges	18,497
	<u>518,555</u>
Proceeds from sale of fixed assets, less profit thereon included above in net income for year	38,972
Net proceeds from refinancing 6¾% debentures	720,000
Proceeds from sale of investments and notes receivable of subsidiary acquired during the year	406,831
Recovery on share issue costs	—
Mortgage funds received	—
Common shares issued	—
Decrease in "other assets"	—
	<u>1,684,358</u>
FUNDS APPLIED:	
Additions to fixed assets	281,567
Payments on long-term liabilities, including increase in payments due in one year	91,188
Dividends paid:	
Preference shares	60,000
Common shares	45,848
Debenture and other costs deferred	22,965
Goodwill purchased	5,000
Increase in accounts receivable not due within one year	30,997
Cost of investment in Steel Distributors Limited less \$450,000 subordinated debentures issued as part payment therefor	600,000
Working capital deficiency of subsidiary at date of acquisition	65,502
	<u>1,203,067</u>
INCREASE IN WORKING CAPITAL	481,291
Working capital at beginning of year	2,864,230
WORKING CAPITAL AT END OF YEAR	\$ 3,345,521

ACKLANDS LIMITED AND

10 YEAR RECO

SALES AND EARNINGS	1965	1964	1963	1962
SALES	\$16,899,600	\$12,578,025	\$12,272,781	\$11,526,144
Income before undernoted items	868,921	647,733	495,426	318,934
Depreciation	129,921	85,530	64,677	47,306
Interest	128,663	109,718	104,783	80,658
Income before taxes	610,337	452,485	325,966	190,970
Taxes on Income	240,200	201,500	125,500	18,200
NET INCOME	\$ 370,137	\$ 250,985	\$ 200,466	\$ 172,770
Net Income per share				
Preferred	9.25	6.27	5.01	4.32
Common	.68	.42	.35	.33
WORKING CAPITAL	3,345,521	2,864,230	2,421,916	2,938,422
SHAREHOLDERS EQUITY	3,897,283	3,632,994	3,237,857	3,121,621
Equity per Share				
Preferred	97.43	90.82	80.95	78.04
Common	6.32	5.74	5.56	5.27
Shares Issued				
Preferred	40,000	40,000	40,000	40,000
Common	458,479	458,479	402,300	402,300
Dividends Paid				
Preferred	60,000	60,000	60,000	38,800
Common	45,848	45,848	40,230	40,230
Number of Branches	33	30	27	22

NOTE

SUBSIDIARY COMPANIES

OF GROWTH

1961	1960	1959	1958	1957	1956
<u>9,342,251</u>	<u>\$ 7,564,737</u>	<u>\$ 6,746,000</u>	<u>\$ 5,596,706</u>	<u>\$ 5,754,130</u>	<u>\$ 5,453,853</u>
<u>533,344</u>	<u>368,522</u>	<u>380,984</u>	<u>285,568</u>	<u>186,470</u>	<u>169,526</u>
<u>44,849</u>	<u>24,396</u>	<u>22,333</u>	<u>25,368</u>	<u>22,612</u>	<u>20,496</u>
<u>73,971</u>	<u>24,274</u>	<u>2,343</u>	<u>2,769</u>	<u>3,198</u>	<u>3,626</u>
<u>414,524</u>	<u>319,852</u>	<u>356,308</u>	<u>257,431</u>	<u>160,660</u>	<u>145,404</u>
<u>199,392</u>	<u>144,025</u>	<u>170,510</u>	<u>114,700</u>	<u>70,200</u>	<u>63,000</u>
<u><u>215,132</u></u>	<u><u>\$ 175,827</u></u>	<u><u>\$ 185,798</u></u>	<u><u>\$ 142,731</u></u>	<u><u>\$ 90,460</u></u>	<u><u>\$ 82,404</u></u>

(See Note Below)

<u>1,429,138</u>	<u>1,562,113</u>	<u>1,198,447</u>	<u>1,040,055</u>	<u>957,933</u>	<u>904,605</u>
<u>1,490,175</u>	<u>1,350,745</u>	<u>1,236,537</u>	<u>1,074,923</u>	<u>962,922</u>	<u>1,002,530</u>

Nil	705	705	705	705	705
302,300	3,023	3,023	3,023	3,023	3,023
—	4,935	1,939	—	—	—
75,575	24,184	32,497	30,756	120,920	—
19	15	7	6	6	6

arnings and equities per share have not been shown prior to 1962, as these would not be comparable.

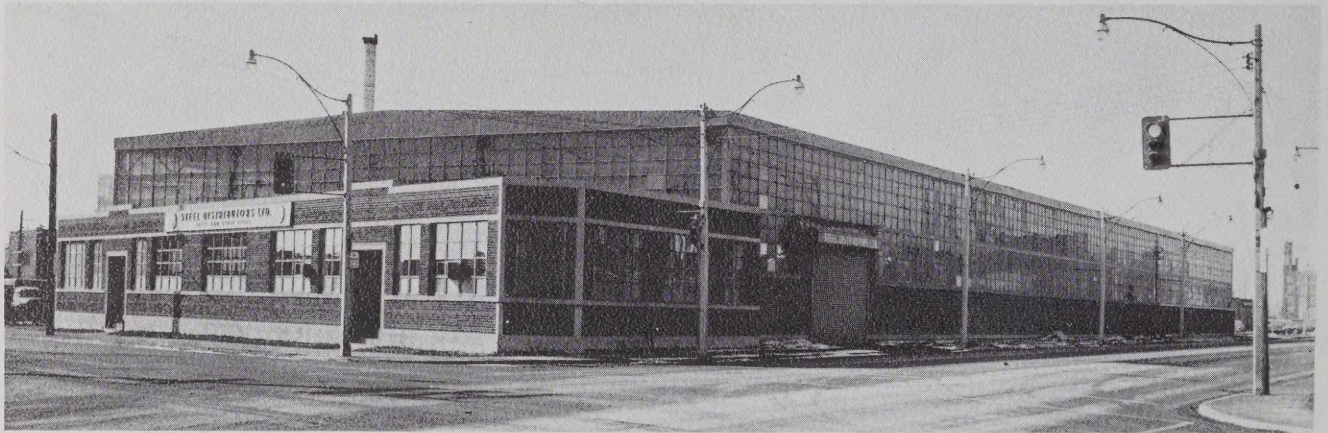
STEEL DISTRIBUTORS LIMITED

OUR NEW STEEL SERVICE CENTRE

This firm opened its doors in 1934 as a steel warehouse with one shear and 6,000 square feet of operating space. It was the first company in the Toronto area to undertake custom shearing of sheet metal such as cold rolled sheets, galvanized, hot rolled sheets and tin plate for metal manufacturing and stamping plants.

Its first significant expansion took place in 1947, when plant capacity was increased to 22,000 sq. ft. to accommodate expanded storage areas and additional shearing and slitting facilities. Another major expansion program was completed in 1965. This saw a further 50% increase in plant capacity, expanded slitter facilities and installation of a modern materials handling system.

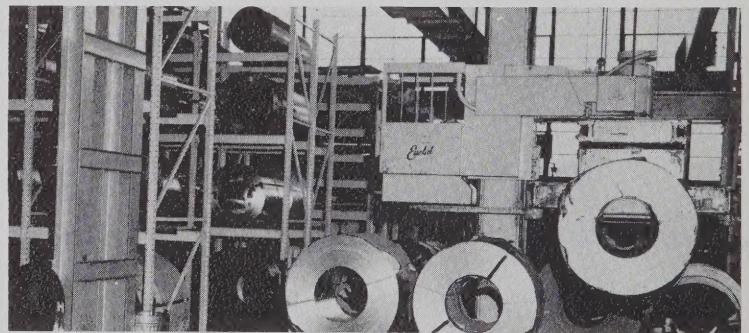
The company today ranks among the leaders in Canada in its specialized field of slitting, shearing, edge rolling and levelling.



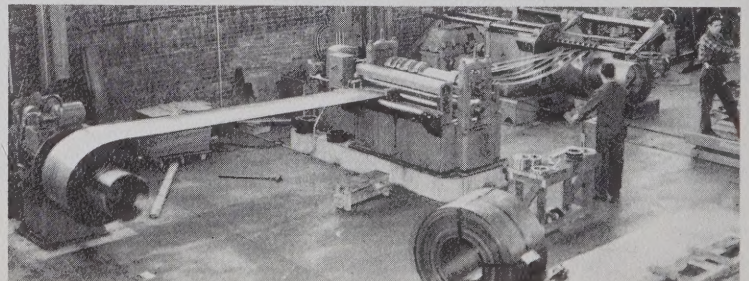
Head office and plant of Steel Distributors Limited in eastern Toronto, Ontario.



Open racks are a feature of the modern storage system which facilitates access to steel coils and sheets for faster processing.



Coils and sheets are moved swiftly from storage to machine area by means of a stacker crane and power transfer unit.



Steel coils are fed through the slitting line, where they are cut to precise widths specified by the customer.





HEAD OFFICE: 125 HIGGINS AVENUE, WINNIPEG, MANITOBA